

Message Text

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PAGE 01 CARACA 00417 171142Z
ACTION ARA-14

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 /045 W
-----029713 171413Z /45

R 161549Z JAN 78
FM AMEMBASSY CARACAS
TO USDOC WASHDC
INFO SECSTATE WASHDC 737
AMEMBASSY LONDON
AMEMBASSY TEHRAN

UNCLAS CARACAS 0417

PASS TO: OED/MEPD AND OIM

E.O. 11652: N/A
TAGS: BENC, VE
SUBJECT: MAJOR PROJECT: GRAY IRON FOUNDRY

REF: CARACAS 0162 (NOTAL)

1. PROJECT NAME: GUAYANA GRAY IRON FOUNDRY.

2. BRIEF DESCRIPTION: GRAY IRON FOUNDRY CAPABLE OF PRODUCING 50,000 METRIC TONS OF CASTINGS ANNUALLY. THE FOUNDRY WILL BE LOCATED IN THE MATANZAS INDUSTRIAL PARK, PUERTO ORDAZ, BOLIVAR STATE. APPROXIMATELY HALF OF THE CASTINGS ARE TO BE USED BY DIESEL ENGINE MANUFACTURERS TO BE LOCATED IN NEARBY CIUDAD BOLIVAR. REMAINING PRODUCTION IS TO BE EXPORTED TO OTHER ANDEAN PACT NATIONS. THE GOV'S GUAYANA DEVELOPMENT CORPORATION (CVG) WILL REPORTEDLY PROVIDE 70 034: OF THE CAPITAL FOR THIS PROJECT WHILE THE GOVERNMENT OF IRAN IS COMMITTED TO 25 034: AND BRITISH LEYLAND INTERNATIONAL 5 PERC.

3. EXECUTING AGENCY/PROJECT MANAGER: MR. J. BANKDS; BRITISH LEYLAND INTERNATIONAL; LEYLAND HOUSE; 174 MARYLEBONE ROAD; LONDON NW 1, ENGLAND.

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4. STATUS OF PROJECT/ANTICIPATED BID DATES: BRITISH LEYLAND INTERNATIONAL (BLI), WHICH IS SERVING AS TECHNICAL PARTNER TO CVG, SUBMITTED ITS FOURTH REVISION OF A FEASIBILITY STUDY OF THIS PROJECT (WHICH RECOMMENDED THAT THE PROJECT BE CARRIED OUT) TO CVG MANAGEMENT IN MAY 1977. A GO-AHEAD DECISION WAS EXPECTED FROM CVG IN SEPTEMBER 1977 BUT HAS NOT YET BEEN MADE BECAUSE OF

REPORTED FOOT DRAGGING BY THE GOVERNMENT OF IRAN. DESPITE THE DELAYS, BLI'S REP HERE BELIEVES THAT THE PROJECT WILL COMMENCE BEFORE MID-1978. THE FOUNDRY IS EXPECTED TO BEGIN PRODUCTION APPROXIMATELY FOUR YEARS AFTER CONSTRUCTION WORK BEGINS.

5. ESTIMATED PROJECT COST/FOREIGN CONTENT: TOTAL PROJECT COST IS ESTIMATED AT \$100,000,000. IT IS ESTIMATED THAT AT LEAST 60 PERC. OF THAT AMOUNT WILL BE SPENT ON IMPORTED CAPITAL GOODS.

6. COMPETITIVE FACTORS: EAST GERMAN COMMERCIAL OFFICERS IN CARACAS HAVE APPROACHED BLI'S LOCAL REP REPEATEDLY TO OFFER EQUIPMENT FROM THEIR COUNTRY. HOWEVER, THE BLI REP HAS REFERRED THEM TO MR. BANKS IN LONDON WHO WILL COORDINATE ALL DESICIONS REGARDING THE CONSTRUCTION OF THE PLANT AND SUPPLY OF CAPITAL EQUIPMENT (BLI HAS ALREADY COMPLETED MOST OF THE DESIGN AND DETAIL ENGINEERING OF THE PLANT AND PROBABLY WILL PROVIDE CONSTRUCTION MANAGEMENT SERVICES AS WILL). AT ANY RATE, BLI WILL MAKE NO PURCHASING DECISIONS UNTIL A GO-AHEAD DECISION IS MADE BY CVG. AS EXPECTED, BLI WILL RECOMMEND PURCHASE OF U.K. EQUIPMENT ALTHOUGH HE ADDED THAT THERE WILL BE MANY OPPORTUNITIES FOR NON-U.K. SUPPLIERS.

VAKY

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
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Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: GRAY IRON FOUNDRY
TAGS: BENC, VE
To: COM
Type: TE
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